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State Economic Policy and its Territorial Peculiarities

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Abstract

The article describes the territorial peculiarities of state economic policy; the features of the state policy for the economies of different types are defined; the role of state economic policy in the country and the regions is validated; the stabilization and structural stances of regional economic policy are set; the peculiarities, objectives, and prospects of industrial policy in the country and in the regions are formulated; the interrelation between the industrial and fiscal policies in the region is revealed and the directions of their interactions in terms of increasing the industrial potential of the subjects are proposed.

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1. Introduction

The state economic policy of the Russian Federation has been constantly changing under the influence of both socio-economic, and institutional and political factors and conditions for the last 20 years. Currently, the state plays a key role in the economy modernization, aimed at achieving sustainable economic growth. Despite the application of the market-based approach for the implementation of the state economic policy, autocratic methods of economy planning play a significant role, weakening the competition in various sectors and spheres of the economy and increasing the tax burden on small and medium-sized enterprises (Vertakova and Plotnikov, 2013).

The problems of forming and the effective implementation of regional economic policy has been widely discussed in a large number of publications of Russian and foreign scientists. A great contribution to the development of

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theoretical problems of regional system management was made by such scientists as E.B. Alaev, Y.V. Vertakova, A.G. Granberg, O.G. Dmitrieva, D.S. Lvov, V.A. Plotnikov, M. Porter, I.E. Risin, Y.S. Polozhentseva, R. Solow, Y.I. Treschevskiy. Instruments and methods of clusterization and its role in improving competitiveness of region economy are viewed in works of such foreign authors as T. Andersen, M. Bengtsson, E.M. Bukhvald, P. Bockhol, R. Bryden, A. Hansen, R. Harrod, C. Ketels, P. Krugman, G. Mankiw, W. Mitchell, M. Porter, S. Rosenfeld, P. Romer, S. Valentey, J. Sorvik, D. Terkla, F. Timpano, E. Feser, M. Enright, D. Jacobs.

Currently, methodological approaches to the management of regional economic policy are developed insufficiently and effective tools for regional economy regulation relevant to the territorial peculiarities taking into account regional features and regional capacity are not worked out.

The issues of the economic regulation of the depressed and subsidized regions with significant resource and agricultural potential, including many of the subjects of the Central Federal District have not got any deep theoretical and methodological studying.

2. The features of the state economic policy in the different types of economies

Policy as a whole is a domain of the state management. Economic policy is an integral part of state policy expressed in the activity of the bodies of state authorities and management aimed at creating a system of economic relations to solve socio-economic tasks and achieve stated objectives.

Regional economic policy is a set of measures worked out and implemented by the federal and regional authorities to achieve an optimal state of regional meso-economic indicators and to ensure sustainable economic growth. The features of the implemented economic policy depend on the type of the economy of the state (Table 1).

Table 1. The features of economic processes in the different types of economies.

Characteristic features	Economy type		
	Centrally-planned economy	Emerging market (developing) economy	Market economy (developed)
Participants	State authorities, state enterprises, cooperative sector	The number of participants may be limited or unlimited, depending on the presence or absence of the priorities of the state policy	Unlimited number of participants, absence of priorities
Sources of financing	State budget, budgets of territories, equity capital, bank loans	Equity capital, borrowed and outside funds of enterprises, state budget, budgets of territories, foreign investment (with restrictions)	Equity capital, borrowed and outside funds of enterprises, the budgets of all levels, foreign investment
Risks and threats for economic security	Practically no	High risks	Low risks

We can distinguish three characteristic models of market economy, taking into account the peculiarities of economic conditions used in the present conditions (Figure 1).

State economic policy in Russia is similar to with the Swedish model in its characteristics.

Comparison of GDP and industrial outputs in foreign countries shows that in 2015 the share of Russia in world GDP is equal nearly 3%, and the ratio of GDP of Russia and Western Europe is about 17% world industrial production.

Approximate comparison of the main macroeconomic indicators of Russia (GDP and industrial production) to indicators of a number of the leading economies of the world is presented in Table 2.

According to IMEMO RAHN, the share of Russia in world industrial production is about 5%. It is less than in previous years. Never before for some last centuries Russia had such low indicators in comparison both with world GDP and with GDP of the leading countries of Europe.

Russian Federation on a rating of 2013 made by the World bank group takes the 34th place from 139 countries of the world in terms of industrial production in GDP, ahead of Italy, Greece, Moldova and developing countries. Romania in this rating takes the 17th place, following China (Table 3).

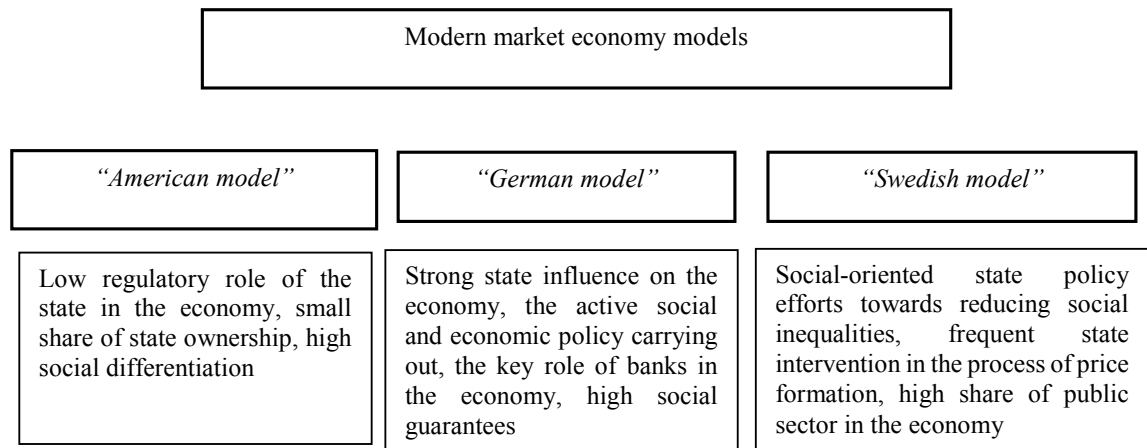


Fig. 1. Modern market economy models.

Table 2. GDP and industrial production of Russia and economies of the world, %.

Percentage parity	GDP		Industrial production	
	2003	2015	2003	2015
Russia to the USA	12,1	15,6	20,1	25,4
Russia to Germany	57,9	76,5	66,7	86,2
Russia to France	80,8	108,0	123,3	171,0
Russia to Great Britain	82,1	111,0	134,3	188,6
Russia to Western Europe	12,5	16,7	18,8	24,6

Table 3. The share of industry in GDP in 2013, %.

Country	Indicator
Romania	43,2
Czech Republic	36,7
Russian Federation	36,3
Poland	33,2
Slovak Republic	33,2
Germany	30,7
Austria	28,2
Bulgaria	27,9
Ukraine	26,9
Italy	23,3
Spain	23,3
United Kingdom	20,2
France	19,8
Moldova	16,6
Greece	13,8

Source: The World Bank group. URL: <http://www.worldbank.org>; authors' calculations.

Economic positions of Western Europe became weaker the last years in comparison with positions of the USA and Russia. In the United States lower norm of the taxation, below, than in Western Europe, norm of accumulation and standard of unemployment, higher competitiveness. The USA have stronger positions in the field of release of hi-tech production, innovative activity and infrastructure of scientific and technical progress that will determine considerably economic growth.

3. The features of industrial policy of the Russian Federation and its regions

The authors classifies the types of regional policy based on the guidelines of the state economic policy: stabilization and structural stances.

Stabilization stance includes mainly fiscal, monetary, and investment policies.

Industrial policy should be included into structural stance. Structural stance uses such methods of influence on the economy as government support of the sectors of industry which are significantly important for the development of the entire economy of the country, production of public goods, privatization, promotion of competition and restriction of monopolies, etc. Structural policy provides the formation of a modern progressive and efficient structure of the national economy (Vertakova, Polozhentseva, Klevtsova, 2014).

The report of the Industrial Policy Committee of the Federation Council of the Federal Assembly provides the following definition of the industrial policy: “Industrial policy is a set of actions of the state as an institution undertaken to influence the activities of economic entities (companies, corporations, entrepreneurs, etc.), as well as certain aspects of these activities related to purchasing of production factors, organization of production, distribution and sale of goods and services in all the phases of the life cycle of economic entity and the life cycle of its products” (Federal Assembly of Russia, 2014).

Almost all the experts point out that state presence in the economy has sharply increased in recent times.

The share of public sector in GDP is not less than 50% of GDP; the volume of sales of the ten largest state corporations is more than 20% of the Russian GDP.

Russian companies with the largest sales volume are state-owned companies of “Gazprom” which form approximately 8% of the national budget.

The largest state-owned companies can be divided into several groups of enterprises, exclusively controlling certain activities: transportation infrastructure including Russian Railways, “Gazprom”, “Transneft”, “Transnefteproduct”; communications infrastructure including “Svyazinvest”, “Russian Post”, Federal Agency for Government Communications and Information (FAGCI), “Gazprom”, Russian Railways, RAO Unified Energy System of Russia “UES of Russia”; energy infrastructure including “UES of Russia”, “Rosenergoatom”, production and export of raw materials including “Rosneft”, military-industrial sector including “Russian Aerospace Agency”, financial sector including Sberbank, VTB, Russian Agricultural Bank, Gazprombank, VEB, etc.

According to the Organization for Economic Co-operation and Development (official web-site: <http://www.oecd.ru.org>), the state-owned companies control 33% of oil and 80% of gas production in Russia. In terms of affected objects the economic policy is divided into separate areas.

The dynamics of the industrial production in Russia and in Russian macro-region Central Federal District (CFD) is shown in Figure 2. The structure of the industrial complex according to the types of production is presented in Table 4.

The actual stance of industrial policy is the creation cluster-network structures. Even Karl Marx indicated the necessity of increasing the sizes of industrial enterprises with the conclusion concerning the global social revolution.

The transformation of the content of the regional state economic policy is the necessary condition for the formation of an innovative economy in Russia. In modern economic science the necessity of the formation of innovative regions in Russia, the development of the innovative nature of the state regional economic policy is more often discussed.

The main priorities of the economic policy targets are those areas and sectors of the economy the efficient development of which determines the competitive advantages of the region. The priority sectors of the region are: labour-intensive manufacturing, manufacturing which use regional natural-resources potential, transport industry, and tourism and recreation complexes on the bases of which the possibility of clustering arises.

Industrial policy is in close coordination with fiscal policy. The possibility of qualitative modernization of the industrial complex of the regional economy depends on the methods of fiscal policy.

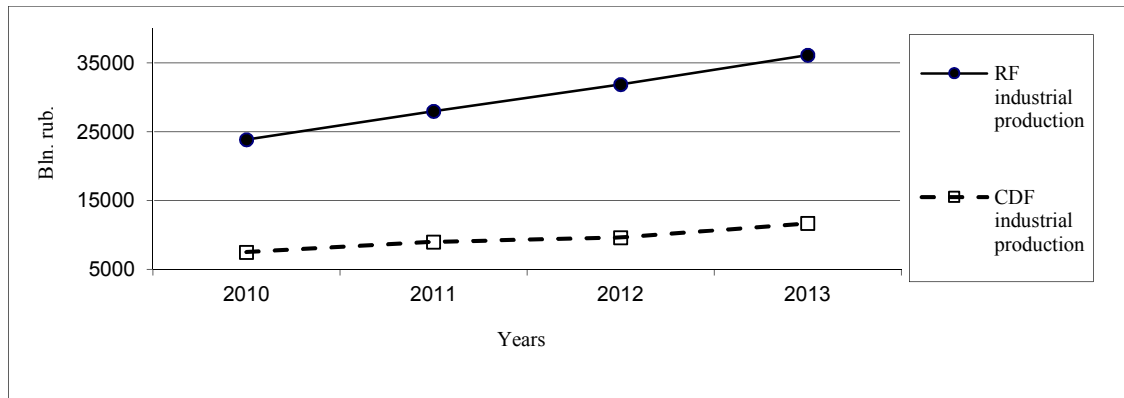


Fig. 2. Industrial production.

Table 4. The structure of CFD industrial complex in 2013, %.

Industries	Manufacturing industries in total	Food processing	Light	Wood-working	Pulp, paper and board	Chemical	Metallurgical	Mechanical engineering	Production and distribution of electricity, gas and water
RF	100	15,7	1,1	1,4	2,8	31,8	14,6	16,6	16,5
CFD	100	11,4	1,7	1,1	4,0	31,4	9,0	11,9	11,5

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4. The mechanism of interaction of fiscal and industrial policy in regions

Fiscal policy determines the sources of the formation of state treasury, the formation of the tax system and the state budget. Using fiscal policy as a regulator (creating incentive, rewarding or disincentive, restrictive conditions) it is possible to influence the activity of the market entity by means of rewarding or imposing restrictions, or through the implementation of tax control.

The developed mechanism of fiscal and industrial policies interaction is shown in Figure 3.

5. Conclusions

Thus, the paper provides evidences for the necessity of the state economic policy transformation as a prerequisite for the formation of the innovative economy in Russia, the necessity of forming innovative regions of Russia on the basis of the use of the competitive advantages of the region. This modernisation shall result in the effective industrial policy and increase in industrial production at the macrolevel and the formation of innovative infrastructure, modern forms of industrial and territorial organization of production (science parks, technopolices, clusters) at meso-level.

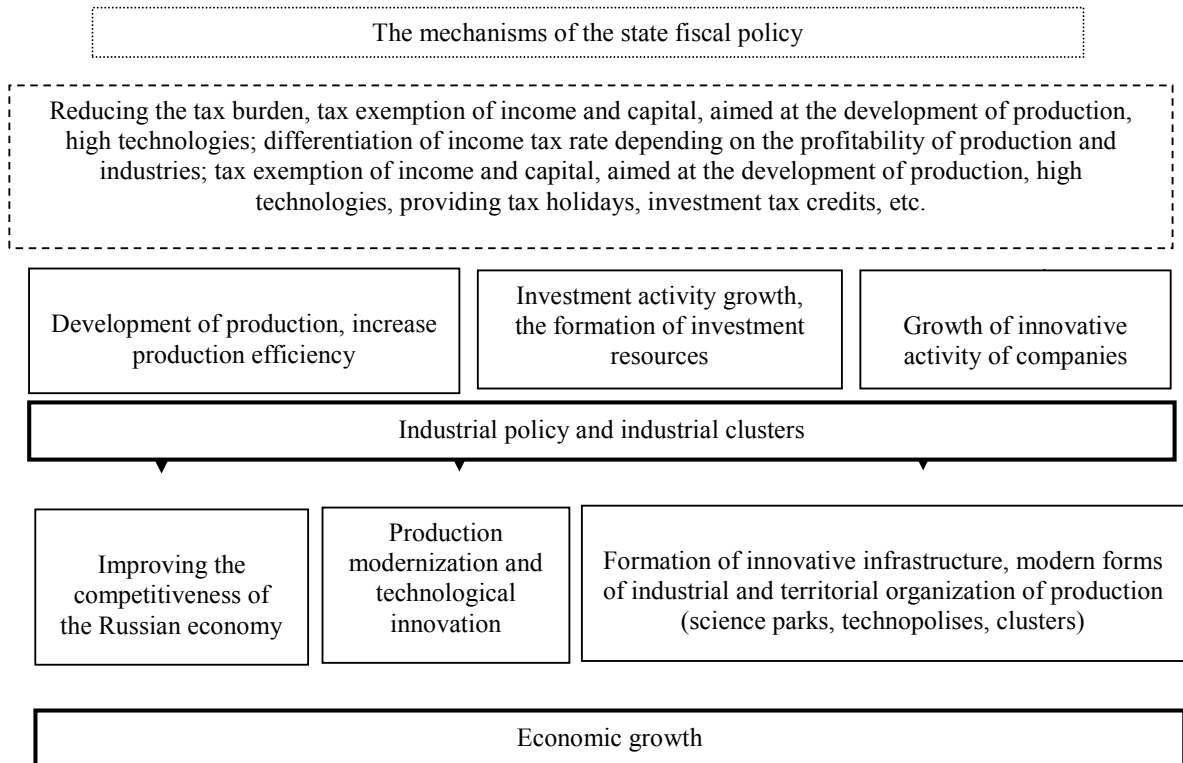


Fig. 3. The mechanism of fiscal and industrial policies interaction.

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